

TOWNSHIP OF HULBERT
Chippewa County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Hulbert	County Chippewa
Audit Date March 31, 2007	Opinion Date May 12, 2007	Date Accountant Report Submitted to State: May 12, 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature <i>Campbell, Kusterer & Co., P.C.</i>		Zip 48707	

TOWNSHIP OF HULBERT
Chippewa County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 12, 2007

To the Township Board
Township of Hulbert
Chippewa County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Hulbert, Chippewa County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Hulbert's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Hulbert, Chippewa County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF HULBERT
Chippewa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Hulbert covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$252,331.11 for governmental activities.

Overall revenues were \$143,472.27 from governmental activities. Governmental activities had a \$35,431.90 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Fire Operating Fund and the Current Tax Collection Fund.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund and the Fire Operating Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services and incurred expenditures of \$72,667.64.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$21,650.00 in capital assets.

The Township's governmental activities paid \$1,500.00 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents 12% of our income. We continue to grow in taxable values with little demand for infrastructure.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at Box 128, Hulbert, Michigan 49748, or call 906-876-2353.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	187 800 55
Taxes receivable	<u>11 962 35</u>
Total Current Assets	<u>199 762 90</u>
NON-CURRENT ASSETS:	
Capital Assets	234 005 06
Less: Accumulated Depreciation	<u>(100 436 85)</u>
Total Non-current Assets	<u>133 568 21</u>
TOTAL ASSETS	<u>333 331 11</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES:	
Bonds payable	<u>81 000 00</u>
Total Non-current Liabilities	<u>81 000 00</u>
Total Liabilities	<u>81 000 00</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	52 568 21
Unrestricted	<u>199 762 90</u>
Total Net Assets	<u>252 331 11</u>
TOTAL LIABILITIES AND NET ASSETS	<u>333 331 11</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenue</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants - Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities:				
Legislative	1 440 00	-	-	(1 440 00)
General government	47 980 37	3 507 66	-	(44 472 71)
Public safety	36 824 95	-	350 00	(36 474 95)
Public works	3 796 45	-	-	(3 796 45)
Culture and recreation	8 461 64	-	-	(8 461 64)
Other	5 927 60	-	-	(5 927 60)
Interest on long-term debt	3 609 36	-	-	(3 609 36)
Total Governmental Activities	<u>108 040 37</u>	<u>3 507 66</u>	<u>350 00</u>	<u>(104 182 71)</u>
General Revenues:				
Property taxes				56 293 94
Other taxes				23 016 00
State revenue sharing				17 234 33
Interest				4 719 18
Miscellaneous				<u>38 351 16</u>
Total General Revenues				<u>139 614 61</u>
Change in net assets				35 431 90
Net assets, beginning of year				<u>216 899 21</u>
Net Assets, End of Year				<u>252 331 11</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

<u>Assets</u>	<u>General</u>	<u>Fire Operating</u>	<u>Total</u>
Cash in bank	139 144 73	48 623 71	187 768 44
Taxes receivable	7 230 51	4 731 84	11 962 35
Due from other funds	<u>32 11</u>	<u>-</u>	<u>32 11</u>
Total Assets	<u>146 407 35</u>	<u>53 355 55</u>	<u>199 762 90</u>
<u>Liabilities and Fund Equity</u>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>146 407 35</u>	<u>53 355 55</u>	<u>199 762 90</u>
Total fund equity	<u>146 407 35</u>	<u>53 355 55</u>	<u>199 762 90</u>
Total Liabilities and Fund Equity	<u>146 407 35</u>	<u>53 355 55</u>	<u>199 762 90</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	199 762 90
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	234 005 06
Accumulated depreciation	(100 436 85)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	<u>(81 000 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>252 331 11</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire Operating</u>	<u>Total</u>
Revenues:			
Property taxes	34 122 48	22 171 46	56 293 94
Other taxes	20 898 66	2 117 34	23 016 00
State grant	-	350 00	350 00
State revenue sharing	17 234 33	-	17 234 33
Charges for services – PTAF	3 507 66	-	3 507 66
Interest	3 700 65	1 018 53	4 719 18
Miscellaneous	<u>17 334 18</u>	<u>21 016 98</u>	<u>38 351 16</u>
Total revenues	<u>96 797 96</u>	<u>46 674 31</u>	<u>143 472 27</u>
Expenditures:			
Legislative:			
Township Board	1 440 00	-	1 440 00
General government:			
Supervisor	3 600 00	-	3 600 00
Elections	2 710 23	-	2 710 23
Assessor	4 699 96	-	4 699 96
Clerk	3 848 58	-	3 848 58
Board of Review	776 02	-	776 02
Treasurer	3 916 58	-	3 916 58
Building and grounds	15 440 59	-	15 440 59
Cemetery	1 116 50	-	1 116 50
Unallocated	4 928 58	-	4 928 58
Public safety:			
Liquor law enforcement	833 55	-	833 55
Fire protection	-	23 919 97	23 919 97
Public works:			
Street lights	2 364 45	-	2 364 45
Sanitation	1 432 00	-	1 432 00
Culture and recreation:			
Recreation	7 873 64	-	7 873 64
Other:			
Pension	2 112 60	-	2 112 60
Insurance	3 815 00	-	3 815 00
Capital outlay	6 650 00	15 000 00	21 650 00
Debt service	<u>5 109 36</u>	<u>-</u>	<u>5 109 36</u>
Total expenditures	<u>72 667 64</u>	<u>38 919 97</u>	<u>111 587 61</u>
Excess (deficiency) of revenues over expenditures	24 130 32	7 754 34	31 884 66
Fund balances, April 1	<u>122 277 03</u>	<u>45 601 21</u>	<u>167 878 24</u>
Fund Balances, March 31	<u><u>146 407 35</u></u>	<u><u>53 355 55</u></u>	<u><u>199 762 90</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 31 884 66

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(19 602 76)
Capital Outlay	21 650 00

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an effect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>1 500 00</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>35 431 90</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Hulbert, Chippewa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Hulbert. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 7.5774 mills, and the taxable value was \$7,434,166.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$2,500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	15-40 years
Furniture and equipment	5-15 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>187,800 55</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	104 932 13
Uninsured and Uncollateralized	<u>88 098 44</u>
Total Deposits	<u>193 030 57</u>

The Township of Hulbert did not have any investments as of March 31, 2007.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
<u>Governmental Activities:</u>				
Buildings and improvements	136 559 06	-	-	136 559 06
Equipment	75 796 00	21 650 00	-	97 446 00
Total	212 355 06	21 650 00	-	234 005 06
Accumulated Depreciation	(80 834 09)	(19 602 76)	-	(100 436 85)
Net Capital Assets	131 520 97	2 047 24	-	133 568 21

Note 5 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 4/1/06	Additions	Deductions	Balance 3/31/07
U.S.D.A. Bonds Payable	82 500 00	-	1 500 00	81 000 00
Total	82 500 00	-	1 500 00	81 000 00

Note 6 – Bonds Payable – U.S.D.A

On June 30, 2004, the Township obtained \$85,130.00 of United States Department of Agriculture bonds. The scheduled annual principal payments vary from \$1,130.00 to \$5,000.00 and are due on November 1 during each of the next thirty years. The interest rate is 4.375% per annum. The principal balance outstanding on March 31, 2007, was \$81,000.00.

Note 7 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2007, was \$2,112.60.

Note 8 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 9 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF HULBERT
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 10 – Building Permits

The Township of Hulbert does not issue building permits. Building permits are issued by the County of Chippewa.

Note 11 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>32 11</u>	Current Tax Collection	<u>32 11</u>

TOWNSHIP OF HULBERT
Chippewa County, Michigan

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	29 296 00	29 296 00	34 122 48	4 826 48
Other taxes	16 821 00	16 821 00	20 898 66	4 077 66
State revenue sharing	16 697 00	16 697 00	17 234 33	537 33
Charges for services:				
Property tax administration	3 482 00	3 482 00	3 507 66	25 66
Interest	3 200 00	3 200 00	3 700 65	500 65
Miscellaneous	13 400 00	13 400 00	17 334 18	3 934 18
Total revenues	82 896 00	82 896 00	96 797 96	13 901 96
Expenditures:				
Legislative:				
Township Board	1 461 00	1 440 00	1 440 00	-
General government:				
Supervisor	3 652 00	3 600 00	3 600 00	-
Elections	1 500 00	2 711 00	2 710 23	(77)
Assessor	4 620 00	4 700 00	4 699 96	(04)
Clerk	3 751 00	3 849 00	3 848 58	(42)
Board of Review	800 00	777 00	776 02	(98)
Treasurer	3 751 00	3 920 00	3 916 58	(3 42)
Building and grounds	19 745 00	15 463 00	15 440 59	(22 41)
Cemetery	800 00	1 117 00	1 116 50	(50)
Unallocated	5 250 00	4 929 00	4 928 58	(42)
Public safety:				
Liquor law enforcement	980 00	834 00	833 55	(45)
Public works:				
Street lights	2 400 00	2 365 00	2 364 45	(55)
Sanitation	1 100 00	1 435 00	1 432 00	(3 00)
Culture and recreation:				
Recreation	8 350 00	7 875 00	7 873 64	(1 36)
Other:				
Pension	1 980 00	2 113 00	2 112 60	(40)
Insurance	3 410 00	3 815 00	3 815 00	-
Capital outlay	200 00	6 650 00	6 650 00	-
Debt service	5 109 00	5 110 00	5 109 36	(64)
Total expenditures	68 859 00	72 703 00	72 667 64	(35 36)
Excess (deficiency) of revenues over expenditures	14 037 00	10 193 00	24 130 32	13 937 32
Fund balance, April 1	-	-	122 277 03	122 277 03
Fund Balance, March 31	14 037 00	10 193 00	146 407 35	136 214 35

TOWNSHIP OF HULBERT
Chippewa County, Michigan

BUDGETARY COMPARISON SCHEDULE -- FIRE OPERATING FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	19 375 00	19 375 00	22 171 46	2 796 46
Other taxes	2 100 00	2 100 00	2 117 34	17 34
State grant	350 00	350 00	350 00	-
Interest	-	-	1 018 53	1 018 53
Miscellaneous	2 500 00	2 500 00	21 016 98	18 516 98
Total revenues	<u>24 325 00</u>	<u>24 325 00</u>	<u>46 674 31</u>	<u>22 349 31</u>
Expenditures:				
Public safety:				
Fire protection	24 044 00	24 044 00	23 919 97	(124 03)
Capital outlay	16 418 00	16 418 00	15 000 00	(1 418 00)
Total expenditures	<u>40 462 00</u>	<u>40 462 00</u>	<u>38 919 97</u>	<u>(1 542 03)</u>
Excess (deficiency) of revenues over expenditures	(16 137 00)	(16 137 00)	7 754 34	23 891 34
Fund balance, April 1	<u>16 137 00</u>	<u>16 137 00</u>	<u>45 601 21</u>	<u>29 464 21</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>53 355 55</u>	<u>53 355 55</u>

TOWNSHIP OF HULBERT
Chippewa County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Township Board	<u>1 440 00</u>
Supervisor	<u>3 600 00</u>
Elections	<u>2 710 23</u>
Assessor	<u>4 699 96</u>
Clerk	<u>3 848 58</u>
Board of Review	<u>776 02</u>
Treasurer	<u>3 916 58</u>
Township hall:	
Repairs and maintenance	1 450 50
Contracted services	6 289 00
Utilities	5 036 49
Supplies	94 16
Miscellaneous	<u>2 570 44</u>
	<u>15 440 59</u>
Cemetery	<u>1 116 50</u>
Unallocated:	
Administration	3 262 85
Contracted services	<u>1 665 73</u>
	<u>4 928 58</u>
Liquor law enforcement	<u>833 55</u>
Street lighting	<u>2 364 45</u>
Sanitation	<u>1 432 00</u>
Recreation	<u>7 873 64</u>
Pension	<u>2 112 60</u>
Insurance	<u>3 815 00</u>
Capital outlay	<u>6 650 00</u>
Debt service	<u>5 109 36</u>
Total Expenditures	<u><u>72 667 64</u></u>

TOWNSHIP OF HULBERT
Chippewa County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2007

	<u>Balance</u> <u>4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/07</u>
<u>Assets</u>				
Cash in Bank	<u>95</u>	<u>240 869 49</u>	<u>240 838 33</u>	<u>32 11</u>
<u>Liabilities</u>				
Due to other funds	95	53 785 49	53 754 33	32 11
Due to others	<u>-</u>	<u>187 084 00</u>	<u>187 084 00</u>	<u>-</u>
Total Liabilities	<u>95</u>	<u>240 869 49</u>	<u>240 838 33</u>	<u>32 11</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 12, 2007

To the Township Board
Township of Hulbert
Chippewa County, Michigan

We have audited the financial statements of the Township of Hulbert for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Hulbert in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Hulbert
Chippewa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,



CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants